

## THIRTY-EIGHTH DAY.

(Continued.)

(Saturday, March 3, 1917.)

The House met at 9 o'clock a. m. and was called to order by the Speaker.

## HOUSE BILL NO. 105 ON ENGROSSMENT.

Mr. Burton of Rusk called up from the Speaker's table, for consideration at this time, on its passage to engrossment,

H. B. No. 105, A bill to be entitled "An Act to amend Article 7382, Title 126, Chapter 2, of the Revised Civil Statutes of Texas, 1911, so as to exempt from taxation upon gross receipts in cities and towns of five thousand population or less, as given by the last Federal census, each and every individual, company, corporation or association owning, operating, managing or controlling any telephone line or lines or any telephones within this State and charging for the use of same."

The bill having been read second time on last Thursday, March 1, and having been, at that time, laid upon the table subject to call.

Mr. Burton of Rusk offered the following amendment to the bill:

Amend House bill No. 105 by striking out all after the words and figures "Article 7382" and inserting in lieu thereof the following:

"Article 7382. Each and every individual, company, corporation or association owning, operating, managing or controlling any telephone line or lines, whose capital stock is thirty thousand dollars or over within this State, and charging for the use of same, shall make quarterly, on the first days of January, April, July and October of each year, a report to the Comptroller of Public Accounts, under oath of the individual, treasurer or superintendent of such company, corporation or association, showing the gross amount received from all business within this State during the preceding quarter, in the payment of charges for the use of its line or lines, telephone or telephones, and from the lease or use of any wires or equipment within this State during said quarter. Said individuals, companies, corporations, or associations, at the time of making said report, shall pay to the Treasurer of the State of Texas an occupation tax, for the quarter beginning on said date, equal to one and one-half per cent of said gross receipts as shown by said report. Provided, that incorporated individuals, companies, corpora-

tions and associations shall not be exempt under the provisions of this act unless such incorporated individuals, companies, corporations and associations are incorporated under the laws of the State of Texas."

The amendment was adopted.

Mr. Burton of Rusk offered the following amendment to the bill:

Amend House bill No. 105 by striking out the caption and inserting the following as a new caption: "An Act to amend Article 7382, Title 126, Chapter 2, of the Revised Civil Statutes of Texas, 1911, so as to exempt from taxation upon gross receipts each and every individual, company, corporation or association owning, operating, managing or controlling any telephone line or lines or any telephones within this State where capital stock is less than thirty thousand dollars, and charging for the use of the same, except incorporated individuals, companies, corporations and associations when not incorporated under the laws of the State of Texas."

The amendment was adopted.

Mr. Denton moved to reconsider the vote by which the amendment was adopted.

The motion to reconsider was lost.

Mr. O'Banion offered the following amendment to the bill:

Amend the bill by striking out the words, "whose capital stock is thirty thousand dollars or over," and substituting therefor the following: "whose total number of subscribers shall be 500 or over."

The amendment was lost.

House bill No. 105 was then passed to engrossment.

Mr. Cope moved to reconsider the vote by which the bill was passed to engrossment, and to table the motion to reconsider.

The motion to table prevailed.

## HOUSE BILL NO. 783 ON SECOND READING.

On motion of Mr. Poage, by unanimous consent, the regular order of business was suspended to take up and have placed on its second reading and passage to engrossment,

H. B. No. 783, A bill to be entitled "An Act to make an appropriation to pay debts contracted by the Prison Commission prior to January 7, 1916; making an itemized statement of such debts; making an appropriation to pay the

interest which has or may accrue from the dates of maturity of such debts until the same are severally paid, and declaring an emergency."

The Speaker laid the bill before the House, it was read second time and was passed to engrossment.

Mr. Poage moved to reconsider the vote by which the bill was passed to engrossment, and to table the motion to reconsider.

The motion to table prevailed.

#### ADDRESS BY HON. THOMAS H. BALL.

Mr. Peyton offered the following resolution:

Whereas, The Hon. Thos. H. Ball, one of the most distinguished citizens of Texas, is in the city; therefore, be it

Resolved, That he be invited to address the House of Representatives at this time.

Signed—Peyton, Bagby, Martin.

The resolution was read second time and was adopted.

The Speaker then appointed Messrs. Peyton, Bagby and Martin to escort Mr. Ball to the Speaker's stand.

The committee having performed their duty, Mr. Ball was presented to the House by the Speaker.

Mr. Ball then addressed the House.

#### HOUSE BILL NO. 200 ON THIRD READING.

The Speaker laid before the House, on its third reading and final passage, H. B. No. 200, A bill to be entitled "An Act to amend Article 2308, Chapter 5, Title 41, Revised Civil Statutes of Texas, 1911, relating to venue of suits in justice courts, by adding thereto at the end of Subdivision 4 thereof, 'Providing that in all suits to recover for labor performed or any kind of personal service rendered may, at the option of plaintiff, be brought and maintained where such labor is performed or personal service rendered,' and declaring an emergency."

The bill was read third time.

Mr. Holland offered the following amendment to the bill:

Amend House bill No. 200, page 1, Section 1, line 21, by inserting after the word "defendant" and before the words "or more" the words "or one."

The amendment was adopted.

House bill No. 200 was then passed.

Mr. Holland moved to reconsider the vote by which the bill was passed and to table the motion to reconsider.

The motion to table prevailed.

#### HOUSE BILL NO. 208 ON THIRD READING.

The Speaker laid before the House, on its third reading and final passage,

H. B. No. 208, A bill to be entitled "An Act to provide for the sale of the land belonging to the permanent fund of the University of Texas, and the reservation of minerals therein, and declaring an emergency."

The bill was read third time.

On motion of Mr. Bryan, further consideration of the bill was postponed until 10 o'clock a. m. next Tuesday, March 6.

#### HOUSE BILL NO. 227 ON THIRD READING.

The Speaker laid before the House, on its third reading and final passage,

H. B. No. 227, A bill to be entitled "An Act to amend Chapter 83 of the General Laws of the Regular Session of the Thirty-second Legislature, said Chapter 83 being known and published as an act to amend Section 2 of Chapter 42 of the General Laws of the Thirtieth Legislature, relating to exemptions from the operation of what is known as the 'Anti-Pass Law,' so as to include among said exemptions the Governor, the Lieutenant Governor, members of the Legislature, members of the board of regents and boards of trustees of all State educational institutions of the State of Texas, the collector of internal revenue and his designated traveling deputy collectors, the Fire Marshal of the State Fire Insurance Commission and those acting for him while actually engaged in fire prevention work and all city fire marshals who have also been regularly appointed peace officers."

The bill was read third time.

Mr. Cope offered the following amendment to the bill:

Amend House bill No. 227 by striking out the enacting clause.

Mr. Spradley moved the previous question on the amendment and the passage of the bill, and the main question was ordered.

Question first recurring on the amendment striking out the enacting clause of the bill, yeas and nays were demanded.

The amendment was lost by the following vote:

Yeas—55.

Beard of Milam.	Nichols.
Bedell.	O'Banion.
Bertram.	O'Brien.
Blackburn.	Osborne.
Blackmon.	Peyton.
Boner.	Raiden.
Bryan.	Reeves.
Burton of Rusk.	Rogers.
Butler.	Russell.
Cadenhead.	Sackett.
Carlock.	Sentell.
Cope.	Seawright.
Crudgington.	Smith of Hopkins.
Davis	Stewart.
of Van Zandt.	Taylor.
Estes.	Thomas.
Florer.	Thomason
Fly.	of El Paso.
Harris.	Thompson
Johnson.	of Hunt.
Laney.	Tillotson.
Lee.	Tilson.
Lindemann.	Tinner.
McComb.	Trayler.
McDowra.	Veatch.
McMillin.	White.
Meador.	Wilson.
Murrell.	Woods.
Neill.	Yantis.

Nays—59.

Bagby.	McFarland.
Baker.	Martin.
Beard of Harris.	Mendell.
Beasley.	Metcalf.
Bell.	Miller of Austin.
Bland.	Moore.
Brown.	Morris.
Bryant.	Nordhaus.
Burton of Tarrant.	Parks.
Canales.	Pillow.
Clark.	Poage.
Cox.	Pope.
Davis of Grimes.	Richards.
Denton.	Roemer.
Dudley.	Schlesinger.
Dunnam.	Schlosshan.
Fisher.	Scholl.
Fitzpatrick.	Sholars.
Greenwood.	Spencer of Nolan.
Haidusek.	Spradley.
Hardey.	Swope.
Hill.	Thompson
Holland.	of Red River.
Jones.	Tschoepe.
Laas.	Upchurch.
Lange.	Valentine.
Lanier.	Walker.
Lowe.	Williams
of McMullen.	of Brazoria.
Low	Williams
of Washington.	of McLennan.
McCoy.	Woodul.

Absent.

Davis of Dallas.	Templeton.
Dodd.	Terrell.
Lacey.	

Paired.

Mr. Blalock (present), who would vote "yea," with Mr. Fairchild (absent), who would vote "nay."

Mr. Spencer of Wise (present), who would vote "yea," with Mr. Strayhorn (absent), who would vote "nay."

Mr. Hawkins (present), who would vote "yea," with Mr. Sallas (absent), who would vote "nay."

Mr. Hudspeth (present), who would vote "yea," with Mr. Beason (absent), who would vote "nay."

Mr. Neeley (present), who would vote "yea," with Mr. Hartman (absent), who would vote "nay."

Mr. Peddy (present), who would vote "yea," with Mr. De Bogory (absent), who would vote "nay."

Mr. Robertson (present), who would vote "yea," with Mr. Cates (absent), who would vote "nay."

Mr. Smith of Scurry (present), who would vote "yea," with Mr. Smith of Bastrop (absent), who would vote "nay."

Mr. Thomason of Nacogdoches (present), who would vote "yea," with Mr. Monday (absent), who would vote "nay."

Mr. Williford (present), who would vote "yea," with Mr. Miller of Dallas (absent), who would vote "nay."

Mr. Bledsoe (present), who would vote "yea," with Mr. Wahrmond (absent), who would vote "nay."

Question next recurring on the passage of the bill, yeas and nays were demanded.

The bill was passed by the following vote:

Yeas—57.

Bagby.	Harris.
Baker.	Hill.
Beard of Harris.	Holland.
Bell.	Jones.
Bland.	Laas.
Brown.	Lange.
Bryant.	Lanier.
Burton of Tarrant.	Lowe
Canales.	of McMullen.
Clark.	Low
Cox.	of Washington.
Davis of Grimes.	McCoy.
Denton.	McFarland.
Fisher.	Martin.
Fitzpatrick.	Mendell.
Greenwood.	Metcalf.
Haidusek.	Miller of Austin.
Hardey.	Moore.

Morris.	Spradley.
Nordhaus.	Swope.
Parks.	Templeton.
Pillow.	Thompson
Poage.	of Red River.
Pope.	Tschoepe.
Richards.	Valentine.
Roemer.	Walker.
Schlesinger.	Williams
Schlosshan.	of Brazoria.
Scholl.	Williams
Sholars.	of McLennan.
Spencer of Nolan.	Woodul.

## Nays—54.

Beard of Milam.	Nichols.
Beasley.	O'Banion.
Bedell.	O'Brien.
Bertram.	Osborne.
Blackmon.	Peyton.
Blalock.	Raiden.
Boner.	Reeves.
Bryan.	Rogers.
Burton of Rusk.	Russell.
Butler.	Sackett.
Cadenhead.	Sentell.
Carlock.	Seawright.
Cope.	Smith of Hopkins.
Crudgington.	Spencer of Wise.
Davis	Stewart.
of Van Zandt.	Taylor.
Dudley.	Thomas.
Estes.	Thomason
Florer.	of El Paso.
Fly.	Thompson
Johnson.	of Hunt.
Laney.	Tillotson.
Lee.	Tilson.
McComb.	Tinner.
McDowra.	Trayler.
McMillin.	Veatch.
Meador.	Woods.
Murrell.	Yantis.
Neill.	

## Absent.

Blackburn.	Lacey.
Davis of Dallas.	Lindemann.
Dodd.	Terrell.
Dunnam.	Upchurch.

## Paired.

Mr. Bledsoe (present), who would vote "nay," with Mr. Walrmund (absent), who would vote "yea."

Mr. Hawkins (present) who would vote "nay," with Mr. Sallas (absent), who would vote "yea."

Mr. Hudspeth (present), who would vote "nay," with Mr. Beason (absent), who would vote "yea."

Mr. Neeley (present), who would vote "nay," with Mr. Hartman (absent), who would vote "yea."

Mr. Peddy (present), who would vote

"nay," with Mr. De Bogory (absent), who would vote "yea."

Mr. Robertson (present), who would vote "nay," with Mr. Cates (absent), who would vote "yea."

Mr. Smith of Scurry (present), who would vote "nay," with Mr. Smith of Bastrop (absent), who would vote "yea."

Mr. Thomason of Nacogdoches (present), who would vote "nay," with Mr. Monday (absent), who would vote "yea."

Mr. White (present), who would vote "nay," with Mr. Strayhorn (absent), who would vote "yea."

Mr. Williford (present), who would vote "nay," with Mr. Miller of Dallas (absent), who would vote "yea."

Mr. Wilson (present), who would vote "nay," with Mr. Fairchild (absent), who would vote "yea."

## Reasons for Votes.

I vote "yea" on House bill No. 227 for the reason that every Legislature since 1907 has let down the bars to some extent until it is now only a discrimination and a subterfuge. I will gladly vote to put it back like it was at first; in fact, I was a member of the House and voted for the law when it was first passed, but now it is an anti-pass law in name only.

SCHLOSSHAN.

I vote "yea" because I believe that the exemptions mentioned in the original bill should be made and because I do not believe that any member of this Legislature can constitutionally take advantage of the exemption in his favor, and I submit as my reason for such belief Section 22 of the State Constitution.

DENTON.

Mr. Pope moved to reconsider the vote by which the bill was passed and to table the motion to reconsider.

The motion to table prevailed.

## MESSAGE FROM THE SENATE.

Senate Chamber,

Austin, Texas, March 3, 1917.

Hon. F. O. Fuller, Speaker of the House of Representatives.

Sir: I am directed by the Senate to inform the House that the Senate has passed the following bills:

S. B. No. 208, A bill to be entitled "An Act forbidding the transaction of business in Texas under an assumed name other than the real name, or names of the individuals conducting such busi-

ness, unless such individuals file in the office of the clerk of the county where such business is to be conducted a certificate containing the names and addresses of such persons; providing for the keeping of special record of such certificates by the county clerks of the State; providing for a filing fee to be paid the county clerk for filing such certificate; making it a misdemeanor not to comply with the provisions of this Act, and fixing a penalty for such failure."

S. B. No. 417, A bill to be entitled "An Act creating the Aspermont Independent School District in Stonewall county, Texas; defining its metes and bounds; vesting it with rights, powers, duties and privileges of independent school districts incorporated for free school purposes under the General Laws of this State; providing a board of trustees therefor; providing that the outstanding indebtedness of the Aspermont Independent School District as same was incorporated under the General Laws of this State shall be assumed by the Aspermont Independent School District as created by this Act, etc., and declaring an emergency."

S. B. No. 442, A bill to be entitled "An Act to amend Section 53, Article 1121, Title 25, Chapter 2, of Vernon's Sayles' Texas Civil Statutes, being the Act of the Thirtieth Legislature, Chapter 157, General Laws, page 299, and declaring an emergency."

Respectfully,  
JOHN D. McCALL,  
Secretary of the Senate.

#### BILL ORDERED NOT PRINTED.

On motion of Mr. Boner, by unanimous consent, it was ordered that Senate bill No. 184 be not printed.

#### RELATING TO CHARGES AGAINST THE GOVERNOR.

Mr. Davis of Van Zandt offered the following privileged resolution:

Honorable F. O. Fuller, Speaker, and Members of the House of Representatives:

I, H. P. Davis, Representative of the Twenty-ninth Representative District of the State of Texas, am informed and believe and under the solemnity of my oath of office, do hereby represent and charge:

1. That James E. Ferguson, Governor of the State of Texas, has at various and sundry times during the year 1915 and

1916 and during his tenure of office as Governor of the State of Texas misapplied and misappropriated the public funds of the State of Texas in violation of the Constitution of the said State and in conflict with the plain decisions of the courts of the State.

2. That he has misapplied and misused a large part of a certain appropriation made by the Thirty-fourth Legislature, amounting to \$10,000, and specifically described on page 130 of the General and Special Laws of the State of Texas, First Called Session, as follows:

For Governor's Mansion, including repairs, improvements to Mansion and Grounds and necessary labor to care for same,

1916 .....\$2000

1917 ..... 2000

Labor and employes at Mansion for year ending August 31, 1916.. 1000

Fuel, lights, water and incidentals, for year ending August 31, 1916 2000

For year ending August 31, 1917 2000

3. That he has not only misapplied and misused a large part of said appropriations, but in addition thereto, in utter disregard of the Constitution, the decisions of the courts and his oath of office, he has approved for payment by the State accounts for merchandise and many articles for which he owes and is personally liable, and, on said approved accounts, deficiency certificates have heretofore been issued.

4. That in violation of the Constitution and laws of the State of Texas he has misapplied and misused a large part of an appropriation made by the Thirty-fourth Legislature of said State described on page 219 of the General Laws, First Called Session, and described as follows: "Payment of rewards and other expenses necessary for the enforcement of the laws, lithographing, telegraphing and for other purposes, \$7500."

5. That in violation of the laws and the Constitution of the State of Texas he has approved accounts for articles purchased for his personal use and for the use of his family and household as charges against the State of Texas, some of which accounts have been paid out of appropriations already made by the Thirty-fourth Legislature, and some of which have been made the basis for deficiency certificates issued by the Comptroller of said State.

6. That in violation of the Banking Laws of this State, he, while an officer of a State bank, to wit, the Temple State

Bank, became indebted to said bank in a sum in excess of the amount allowed by statutes, and in so becoming indebted to said bank he violated both the civil and criminal statutes of the State of Texas. That his connections with said bank and his indebtedness thereto were unknown to the people of the State when they elected him to the great office of Governor the first and second times—that the people were misled and deceived by him, and his said transactions with said bank were concealed from them.

7. That he is now indebted to said bank, unless the amount has been reduced or paid within the past twenty days, about \$170,000. That prior to, or about the 1st of December, 1916, he was indebted to said bank in the sum of approximately \$120,000, a large part of which amount had been incurred for a long period of time prior to that date, and said amount, if secured to any extent, was inadequately secured. That the president of said bank, and some of its officers had been endeavoring to collect said amount and had been urging the payment thereof by the said James E. Ferguson, and had declined to allow the said Ferguson to increase his indebtedness to said bank. That the cashier of said bank, one Hughes, well knowing that the said Ferguson owed said bank said amount, and that the same was far in excess of the amount allowed by the Banking Laws of the State of Texas to be loaned to one person, and that said amount had been loaned in violation of the said statutes, on or about the 5th day of December, 1916, loaned the said Ferguson an additional amount and allowed him, the said Ferguson, to withdraw same from the said bank. The said sum so loaned by said Hughes to said Ferguson was between \$30,000 and \$50,000, and said additional loan increased the said indebtedness of the said Ferguson to about \$170,000. That at the time, in December, 1916, the said loan was made to the said Ferguson and the facts and circumstances under which the same was made constituted a wilful misapplication of the funds of said Temple State Bank, which offense, under the statutes of this State, constitutes a felony punishable upon conviction by imprisonment in the State penitentiary for a term of not less than five nor more than ten years. That under said statutes any one who aids and abets an officer of a State bank in the wilful misapplication of the funds of a bank is also guilty of a criminal offense. That the said James E. Ferguson aided and

abetted the said officer of said bank in the wilful misapplication of the funds of said bank and in violation of the plain provisions of the Banking Laws of this State. That in addition, under the conspiracy statutes of this State, the said James E. Ferguson and the said officers of said bank would be guilty, and it is here now charged that they are guilty of a criminal violation of the Banking Laws of this State. That all of the loans made by the Governor, including the loan in December, 1916, were made in violation of the spirit and the letter of the Banking Laws of this State. That the transactions of said Ferguson with said bank, and the loans made to him by it, and the violations of the law in connection with said loans were concealed from the people of the State of Texas by the said Ferguson and were unknown to the people at the time he was elected Governor in 1914 and 1916 and were not disclosed and known by the people until about February 20, 1917, when the president of said bank, H. C. Poe, made a partial statement of said Ferguson's transactions with said bank as shown by a true copy of said statement marked "Exhibit A" and made a part hereof.

8. That said James E. Ferguson, Governor of the State of Texas, executed certain mortgages to the said Temple State Bank to secure all or a part of his indebtedness thereto and requested the officers of said bank to withhold same from record in order that he might be relieved from criticism of his political opponents, and said mortgages were so withheld. That while said mortgages were so being withheld from record by the officers of said bank, the said James E. Ferguson executed other mortgages to other parties on the same property, or a large part thereof, and said other mortgages were placed of record before the mortgages to said bank were recorded, thereby making the mortgages and security of said bank subject to the liens of said other mortgages, all of which is fully shown by the said statement of the said H. C. Poe, President of said bank, heretofore made an exhibit to and a part hereof.

9. That the said Temple State Bank accepted what is known as the "bonding plan" to secure its depositors, and did not become a beneficiary of the bank guaranty fund. That many of the officers and stockholders of said bank were and now are on said bond. That within the past ninety days that said bank has made an application under

the law to change from the bonding plan to the guaranty fund plan in order that said bondsmen may be relieved from liability on said bond in case of a failure of said bank by reason of the indebtedness of the said Ferguson to it, and have been and are now endeavoring to have said liability transferred to said fund, which is strictly a sacred trust fund belonging to the State banks of the State of Texas. That the said James E. Ferguson has been and is now cognizant of the efforts of said bondsmen to secure their release from said bond, and approves same.

10. That the Commissioner of Insurance and Banking, Hon. Charles O. Austin, has been since his appointment to the office by the said James E. Ferguson, Governor of the State of Texas, cognizant of all the facts with reference to the indebtedness of the said Ferguson to said bank, and has had full reports relative to said indebtedness and said transactions made to him by the State bank examiners and by H. C. Poe, and, although requested to do so, he has failed and refused and still fails and refuses to require the said Ferguson to pay said indebtedness to said bank. That the said Charles O. Austin knew that the transactions and loans of said James E. Ferguson with said bank, and the acts of the officers of the said bank in making said loans to him, were in violation of the civil and criminal provisions of the State banking laws of the State of Texas, and notwithstanding such knowledge, with the acquiescence and approval of the said James E. Ferguson, Governor of the State of Texas, he refused to enforce said banking laws as to said bank. That by his course in said matter the said Charles O. Austin became a party to the violations of the banking laws of the State of Texas.

Now, therefore, be it resolved, that the public good, the cause of truth and justice to all parties and all officers concerned require that a full, fair and impartial investigation be made by this Legislature, that all the facts which would show or tend to show the truth about the acts herein enumerated, and which will enable this Legislature to take such action as the facts developed may require, and to pass such laws as may be necessary to prevent a repetition of such transactions, and for this purpose a committee of seven shall be selected from this House. Said com-

mittee shall be organized by electing one of its members chairman and one secretary, and shall have authority to employ such stenographers and clerks as may be deemed necessary, and to call upon the Sergeant-at-Arms of the House for service of process and enforcement of its orders. Said committee shall be and the same is hereby vested with the power to issue process, summons witnesses, to take and have taken depositions in such manner and with such notice as it may be ordered, to compel the production before it of any papers, loans, books or documents for the purpose of securing testimony. It is hereby vested with all the powers now vested in the district courts of this State; that each member of said committee is hereby vested with the power to administer oaths; that the method of implied procedure in gathering evidence as well as in the prosecution of the work for which it is constituted shall be within the discretion of the committee, and said committee shall have power to take and keep a record of any and all transactions of the said parties hereinbefore mentioned which come under the observation of said committee during its investigation, and which may either directly or collaterally concern the official conduct of the said officers hereinbefore mentioned, or which may show or tend to show any violations of the laws of this State by said parties. Said witnesses shall be paid in the same manner and amount as is provided for witnesses summoned before the House and any of its committees. The sessions of said committee shall be open, and it is hereby authorized to sit and hold its sessions at any place within the State of Texas for the purpose of securing and taking such testimony of the witnesses as can be procured to be brought before it at the Capitol of the State, or which may be inaccessible to the committee without such sitting at other points than the Capitol. The committee is hereby given authority to employ counsel to represent it and the public, and any officer whose transactions may be deemed the subject of inquiry by the committee shall have the right to be represented by counsel, and shall be entitled to participate in the conduct of the investigation with the same powers, duties and privileges as belong to any attorney-at-law representing parties in any of the courts of

this State, and each shall have the right and the duty of said committee, or any individual member thereof, to interrogate any and all witnesses which may be brought before it in such a manner and to such an extent as may be necessary to develop the full truth and all the facts related to the matters herein enumerated, and such other matters as said committee may investigate. Said committee, however, shall not be restricted to any rule of evidence in procuring evidence, but shall obtain the facts regardless of the usual rules of evidence.

The report of said committee shall contain a correct and accurate stenographic transcript of all proceedings had in and before said committee, giving questions, answers, objections to evidence, ruling thereon, names of parties and disposition thereof, or used in evidence before said committee, including the transcript and the entries in all books or accounts showing or offering any light on any of the transactions hereinbefore mentioned, together with such recommendations as the committee, or any member thereof, shall see fit and proper to make to the House, and it shall be recorded at length in the Journal of the House.

The necessary traveling and personal expenses, retainers and fees paid counsel, all witness fees, mileage, and all other expenses of said committee to be paid out of the contingent fund of the House upon accounts duly approved by the chairman of said committee.

The said committee in addition to making a report of the facts ascertained by it, shall and is hereby instructed, in case it finds the allegations and charges herein made true, in whole or in part, to prepare and submit with its report such specific charges as may be the basis, or may be necessary in impeachment proceedings against the said James E. Ferguson, Governor of the State of Texas, before the Senate of said State.

The said committee of seven to be appointed by the Speaker of the House of Representatives.

H. P. DAVIS.

Sworn to and subscribed before me, this 3d day of March, A. D. 1917.

(Seal.) HASKELL SMITH,  
Notary Public in and for Travis  
county, Texas.

#### EXHIBIT "A."

Austin Texas, Feb. 20.—Following is the full text of the statement issued by H. C. Poe, former president of the Temple State Bank, read yesterday in the House as part of the remarks of Representative O'Banion of Harrison county, during the debate of the probe resolution:

In order that the Temple State Bank may be relieved as far as possible from the effect of a newspaper controversy between Governor Ferguson and myself and to do what I believe to be absolutely fair to the stockholders and interested parties in connection with the Temple State Bank, I have filed my resignation as president of the institution. I am answering Governor Ferguson's charges as a private citizen of Texas and not as president of any banking institution whatsoever.

#### First Knowledge of Paper.

When I came to Temple in January, 1915, Governor Ferguson showed me through the paper that he and his Bell-Bosque ranch owed the bank more than \$60,000. With his explanation I considered the paper absolutely good. When the different notes began falling due at the end of the year, different parties when I notified them concerning their obligation to the bank and asked them since they were maturing to care for same, advised me that the notes I was demanding them to pay had been signed as an accommodation to Governor Ferguson, that in reality they did not owe any part of these obligations themselves.

I took the matter up with the Governor personally and he advised me he had forgotten to tell me about these circumstances. This situation drifted along until April, 1916. On April 4, I wrote Governor Ferguson with reference to the condition of his account. Part of the letter reads as follows: "Some of our board, and as good men as we have in Temple, have said in our meeting that unless you corrected your way of keeping your account with this bank they would resign as they could not afford to continue on the Board with a practice of this kind being permitted. It is a little embarrassing to write you, but I certainly hope that you will not continue this and that we will have good remittances at an early date to put the account in proper shape."

Went to Austin to See Ferguson.

Governor Ferguson phoned me to come

to Austin. I went down and discussed the proposition personally with him. He stated positively that in the course of a short time he would clean his account up in such condition that there could be no complaint from anyone. On May 18, while we were on the Governor's ranch near Sparks dipping cattle, he asked me to take a walk with him through the farm, and while on this stroll he promised me most positively that he would pay in \$50,000 to \$65,000 on his obligations within the next few days, provided the Temple State Bank would give the Houston National Exchange Bank of Houston an average balance of \$16,000 as an inducement to them to lend him some money. I told him that we would be glad to maintain such balances there in order that he could arrange for funds with which to reduce his indebtedness.

Right at the time these conferences were taking place, regardless of the condition of his account, the Governor mailed me an accommodation note in the sum of \$20,000, signed by a local citizen of Temple, and in addition to this note \$20,000 in mining bonds bearing 6 per cent interest, asking that I credit his individual account with the proceeds of same. The note and the bonds I returned to him, explaining that it was utterly impossible for us to consider accepting these for his account in view of the heavy line that we were then having to carry for him.

Time passed along and no credit was ever placed to the account of the Temple State Bank at Houston as promised by the Governor. The campaign came on, and while I had asked him not to check on us any further, small items continued coming in. In June I wrote Governor Ferguson stating that I would not pay checks any further and that checks dated later than the date of my letter would have to be declined.

The campaign closed and the Governor won. On July 27 I wrote Governor Ferguson. A part of the letter referring to his account reads as follows: "Now since we have cared for these matters and permitted your past due paper and overdraft to run as it has and the election is over, I certainly hope you will take care of this, as you must do, without causing us further embarrassment. I hate to write you this letter, but we must have a reduction in this without further delay."

Had Meeting at Democratic Convention.

On Tuesday evening of the Democratic Convention in Houston Governor Fergu-

son called me aside from the gentlemen we were with on the second floor of the Rice Hotel and said that I need not worry further about the condition of his account; that he would have credited to the account of the Temple State Bank for his individual account at Temple \$60,000 to \$75,000 before he left Houston for home. Several days lapsed and we still received no advice of credit. This situation passed along possibly three weeks or more. The Governor was in Temple and stated that he wanted to go to Colorado for a few days rest; that he had been disappointed at Houston; that if I would let his account run as it was until his return from Colorado that he would come up and clean the account up so that there would not be any complaint from any source whatsoever. For some reason he did not make the Colorado trip, and after waiting again, as I had been for some time, the Governor was spending the night with me out at my home in Temple and he brought the proposition of the condition of his account with the bank up himself.

He said that he was bound to sell a lot of his properties and bank stock on account of his financial condition, and asked me if I would consider buying his bank stock, stating that he considered his stock in the Temple State Bank worth \$37,000. I agreed to think the matter over and discuss it with him further. In submitting me this proposition he especially agreed that he would reduce his indebtedness to not exceeding \$50,000, which at that time amounted to about \$130,000.

We discussed the bank stock deal and the reduction in his account with the bank in the way of making the bank stock deal three or four different times, as we would meet each other on different occasions.

Said Ferguson Raised His Price.

During the Cotton Palace in Waco and the Saturday that the Agricultural and Mechanical College played the University of Texas game I went up to see the Governor. We went to the game together and agreed on the bank stock deal and that I would come to Austin in a few days to close up the deal as per our agreement.

After discussing the proposition a few minutes, to my surprise Governor Ferguson told me that he had decided his bank stock should be worth, at least \$48,000, and that he would expect me to take in connection with the bank stock a vacant lot west of the Temple

State Bank at \$10,000. I told him that that would stop the deal entirely; that I could not consider the proposition further when he had raised the price of his stock and wanted me to take the vacant lot. This date, I am most sure, was the last Tuesday in November.

I stated to the Governor then that I was arranging to make a trip to New York and wished we could get his account in shape for the close of the year, and before I left for this trip, and if we were not going to trade on the bank stock what I might expect in the way of payment on his indebtedness to the bank. He told me to go ahead and make the trip; that in the course of ten days or two weeks he would make a heavy payment on his obligations, and if I should be further interested in buying the bank stock we could decide this when I returned home. I left for New York on December 2; was away ten days or two weeks. On my return I found that instead of Governor Ferguson reducing his indebtedness to the bank, that he had been in Temple in my absence and made two notes of \$25,000 each to the bank. A part of the proceeds of these notes covered the overdraft he had in the bank, the balance he had checked out and his balance was practically nothing.

I went to Austin immediately, called on the Governor and stated to him that to my surprise instead of reducing his account in the bank in my absence he had increased it in making these notes and that something had to be done; that if we could make the stock deal and clean up his account as he had agreed to in connection with my buying his stock all right, if not, I was going to make an effort to collect at least a part of the money. This conversation was very unpleasant between us and we had a heated argument about the way he had been imposing on the bank, and he told me if I was not willing for his account to run in the manner in which he desired that I would have to get out.

Up to this time everything had been very pleasant and agreeable. While he would show by his looks that he did not like for me to get after him about his overdraft and account, at the same time he would not become angry, until the occasion of this conference. I returned home and called the directors together. We had discussed the situation concerning his account on different occasions. I related to them the entire circumstances with reference to the conversation I had with the Governor and our argument in

connection with same. This directors' meeting was held on December 18.

#### Paragraphs of the Minutes.

The sixth and seventh paragraphs of the minutes of this meeting read as follows:

"General conditions of the bank were discussed thoroughly and especially the excessive lines of James E. Ferguson. The president of the bank was directed to reduce the loan to James E. Ferguson and the Bell-Bosque Ranch, which is owned by Governor Ferguson, to not exceeding \$25,000 each, and require security on whatever amount the bank continued to carry in the way of loan for either James E. Ferguson or the Bell-Bosque Ranch."

"The board unanimously indorsed the action of the president in declining to permit James E. Ferguson or the Bell-Bosque to increase their lines, and especially directed and insisted that the loans of both James E. Ferguson and the Bell-Bosque ranch be reduced if even to the extent of filing suit if that became necessary."

I had been refusing payments of Governor Ferguson's checks and notified him that on account of his indebtedness which amounted to more than \$170,000, that we positively would not pay his checks any longer. On December 26 the board again convened to discuss the proposition of Governor Ferguson's account and make up our annual report to the Banking Commissioner of Texas.

Second paragraph of minutes of this meeting of December 26 reads as follows:

"Motion made by E. W. Moore to approve the minutes of the meeting of December 18 was seconded by T. H. Heard and the directors present unanimously voted to approve the minutes as read."

#### Met With Bank Directors.

I had notified Governor Ferguson by letter that the board had directed me, as president of the bank, to reduce his obligations materially and that something would necessarily have to be done immediately. The meeting of the directors herein referred to on December 26 was held in the forenoon of that date. Governor Ferguson came on the evening train and asked that the directors meet with him in conference in the bank in the evening. In the conference on the evening of December 26 Governor Ferguson made an agreement with the directors, after going over in detail his financial condition, that he would pay

into the bank at least \$100,000 in the course of ten days or two weeks. We agreed to give him until February 1, which was more time than he requested. The third or fourth day after he had met with the directors he called me by phone and said that he had a plan that would be more satisfactory to him and that he felt would be a greater advantage to the board in the way of an arrangement with his account than we had agreed on in our meeting on the evening of December 26.

His proposition was as follows: "That he make an individual note of \$37,500, that the Bell-Bosque ranch to sign a note for \$37,500. That he would get two personal friends to sign accommodation notes of \$37,500 each, and use the proceeds of these four notes to be applied on his indebtedness to the bank; that the balance due he would 'pay into us in cash.'" I discussed this with the board and was advised that they would prefer the original agreement that we had and that we did not think it best to consider his proposition.

#### History of the Mortgages.

I so notified the Governor. In looking up the records with reference to the securities the bank held to a part of Governor Ferguson's indebtedness, I found on one tract in Bell county that he had mortgaged to the bank to secure a loan of \$14,000 and represented the mortgage to be a first-lien that he had executed to a life insurance company in Houston, mortgage of more than \$30,000, that their mortgage had been put on record, making the mortgage to the Temple State Bank second.

I found that in Bosque county, where he had given us a second mortgage, which was subject to a loan of \$25,000 to John Hancock Life Insurance Company, on real estate to secure \$30,000 of the indebtedness and at the time he gave this mortgage he requested that it be not put on record, that his personal and political enemies would have the advantage of knowing to that extent the condition of his private affairs. Our mortgage not having been recorded, at his request, he had executed mortgage to an Austin bank in the sum of \$37,400 on the same real estate. The Austin bank having recorded their mortgage made the lien of the Temple State Bank a third mortgage. I wrote Governor Ferguson with reference to these land mortgages and asked him to either take up what he owed on these notes or secure releases from the people to whom he had executed mortgages that had been put of record, making our liens

second and third instead of first and second.

The Governor not having made any remittance, not having indicated that he would make remittance, I passed \$80,000 of his and the Bell-Bosque ranch past-due paper to our attorney for attention.

We held a directors' meeting on the night of January 17. In this meeting a committee of four directors composed of E. W. Moore, T. H. Heard, A. J. Jarrell and C. A. Hughes were directed to go with Attorney W. O. Cox to call on Governor Ferguson the next day and see if we could not get some kind of an amicable adjustment with him without having to file suit, as most of the directors felt that to file suit would develop and divulge the condition of the Governor's accounts and was not best in the interest of the bank.

#### Said Meeting Was Pleasant.

You will notice from this that the Governor's remarks concerning his meeting with the directors on the night of December 26 as having been so satisfactory, that the thing that made the meeting on that night of December 26 so pleasant was his promise to pay the bank at least \$100,000 in the next ten days or two weeks. That he had failed to do this, that he had said he could not on the plans agreed on and at this date, on January 18, a committee of the directors, as above stated, and the bank's attorney, were going as a committee to see if some arrangement could not be made with the Governor in connection with his account. At this meeting in Austin he agreed to pay off one note of \$14,000 and accrued interest, provided they would permit him to place four notes of \$37,500 each in the bank in renewal of his obligations that were then past due, and maturing in the near future.

The board was not pleased with the security the Governor had offered, but accepted it because they felt it was the best thing that could be done with the conditions that prevailed. At the conference in Austin the Governor had demanded and urged that the board of directors remove me as president of the bank. The gentlemen on their return informed me most positively that they informed the Governor that a proposition of this kind they would not consider. In connection with the agreement the directors informed me that the Governor had agreed with them that we would not make any changes in the bank further than electing two directors that were suitable to Mr. Ferguson.

On the date of the annual election, the first Tuesday in February, I was informed in the morning that the Governor had been in town the night before and then was out in town endeavoring to get proxies sufficient to control the meeting and elect directors that would throw me out as president of the bank.

I told them I would like to be relieved of the worry and trouble and that there was no chance in the world for us to ever get along peaceably, regardless of the condition of his account, and that if they would agree for me to stay in the bank until I could get my friends off the bonds which they had signed in the interest of the bank that I would be glad to get out. These directors called on the Governor, and in a few minutes returned, stating that everything was satisfactory and there would be no disturbances in the stockholders' meeting in the afternoon.

#### All Officers Were Re-elected.

The stockholders convened, elected directors, re-elected all the officers of the bank without any changes and there was not any argument or any disturbances in any manner.

We renewed Governor Ferguson's paper when he paid in the \$14,000 note and accrued interest on the terms as agreed on with the committee of directors who called on the gentleman in Austin.

By inquiry most anyone can find out that the condition of the Governor's affairs with this bank had been freely discussed on the streets of Temple. The amount he owed the bank and the disturbances that were going on—it was the common talk of most every street corner for several days.

With reference to the Governor's remarks concerning his paper being entirely satisfactory to the directors of the Temple State Bank, when the State Treasurer last Monday was letting the State funds in the way of selecting depository for the various congressional districts of Texas, and the county commissioners of Bell county had advertised for bids for depository for Bell county the coming two years, the officers of the Temple State Bank were advised to not make bid on the funds that were being let by either the State Treasurer or the commissioners court of Bell county; that they would not sign a bond if the bank should be the highest bidder with the condition which Governor Ferguson's paper stood with this bank.

There isn't a director in the Temple State Bank that will make oath that I

ever stated in directors' meeting that Governor Ferguson had admitted to me that he was broke. Governor Ferguson's statement that he held proxies and represented more than 10,000 shares of the 12,500 shares of stock in the last stockholders' meeting is in error. The fact of the business is, I wrote Governor Ferguson a letter when I had been told that he was trying to get proxies from different stockholders and offered to send him proxy for the stock I held in the bank and told the gentleman I would take pleasure in doing so.

#### Had No Part in Investigation.

As stated in the various daily papers published in Texas Thursday, I never in any manner to any individual or to any member of the Legislature suggested any investigation of the Governor's affairs or furnished any information to any individual with reference to same. I discussed the condition of his account with the board of directors, as we had a number of meetings with reference to same. I talked to a few close personal friends and asked their advice with reference to the situation, but I know the gentlemen whose advice I sought have not in any manner discussed my conversation with them to any member of the Legislature or to any other person. That they have treated what I said to them in asking their advice strictly confidential.

Governor Ferguson's statement that he had upbraided me and criticised me for my personal conduct and work in connection with the bank was in error. He never in all our relations ever intimated in any way a proposition of this kind.

Concerning the charges that the breweries paid funds into the Temple State Bank to finance his first campaign: These are matters in which I am not interested, as those transactions are charged to have taken place before I had any connection with the bank.

I regret very much to be forced to publish this letter, but since Governor Ferguson has made the statements concerning which he has, I feel that it is only just to me and my family that the people of Texas might have a clear-cut statement as to the facts that actually exist and the reason why Governor Ferguson has criticised me as he had before the Senate last Wednesday.

With the above statements, I leave to the good citizenship of Texas this controversy to decide for themselves.

H. C. POE.

The resolution was read second time.  
Question—Shall the resolution be adopted?

Mr. Bledsoe moved that Governor Ferguson be invited to address the House at this time.

The motion prevailed.

The Speaker appointed Mr. Bledsoe and Mr. Pope to escort Governor Ferguson to the Speaker's stand.

Governor Ferguson, being presented by the Speaker, then addressed the House.

Question, recurring—Shall the resolution be adopted?

Mr. Bagby moved to postpone further consideration of the resolution until 2 o'clock p. m. next Monday.

The motion prevailed.

#### ADJOURNMENT.

On motion of Mr. Bryant, the House, at 12:30 o'clock p. m., adjourned until 10 o'clock a. m. next Monday.

#### APPENDIX.

#### REPORT OF COMMITTEE ON EDUCATION.

Committee Room,  
Austin, Texas, March 1, 1917.

Hon. F. O. Fuller, Speaker of the House of Representatives.

Sir: Your Committee on Education, to whom was referred Senate bill No. 223, have had the same under consideration and I am instructed to report it back to the House with the recommendation that it do pass. Mr. Clark has been appointed to make a full report thereon.

THOMASON of Nacogdoches, Chairman.

#### REPORTS OF COMMITTEE ON ROADS, BRIDGES AND FERRIES.

Committee Room,  
Austin, Texas, March 1, 1917.

Hon. F. O. Fuller, Speaker of the House of Representatives.

Sir: Your Committee on Roads, Bridges and Ferries, to whom was referred Senate bill No. 430, have had the same under consideration and I am instructed to report it back to the House with the recommendation that it do pass.

BLAND, Chairman.

Committee Room,  
Austin, Texas, March 1, 1917.

Hon. F. O. Fuller, Speaker of the House of Representatives.

Sir: Your Committee on Roads, Bridges and Ferries, to whom was referred Senate bill No. 394, have had the same under consideration and I am instructed to report it back to the House with the recommendation that it do pass.

BLAND, Chairman.

Committee Room,  
Austin, Texas, March 1, 1917.

Hon. F. O. Fuller, Speaker of the House of Representatives.

Sir: Your Committee on Roads, Bridges and Ferries, to whom was referred Senate bill No. 160, have had the same under consideration and I am instructed to report it back to the House with the recommendation that it do pass, with amendments.

BLAND, Chairman.

#### REPORT OF COMMITTEE ON JUDICIAL DISTRICTS.

Committee Room,  
Austin, Texas, March 2, 1917.

Hon. F. O. Fuller, Speaker of the House of Representatives.

Sir: Your Committee on Judicial Districts, to whom was referred Senate bill No. 433, have had the same under consideration and I am instructed to report it back to the House with the recommendation that it do pass, with amendments.

TEMPLETON, Chairman.

#### REPORTS OF COMMITTEE ON REVENUE AND TAXATION.

Committee Room,  
Austin, Texas, March 1, 1917.

Hon. F. O. Fuller, Speaker of the House of Representatives.

Sir: Your Committee on Revenue and Taxation, to whom was referred Senate bill No. 14, have had the same under consideration and I am instructed to report it back to the House with the recommendation that it do pass. Mr. Spradley has been appointed to make a full report thereon.

NEILL, Chairman.

Committee Room,  
Austin, Texas, March 2, 1917.

Hon. F. O. Fuller, Speaker of the House of Representatives.

Sir: Your Committee on Revenue and Taxation, to whom was referred

Senate bill No. 184, have had the same under consideration and I am instructed to report it back to the House with the recommendation that it do pass.

NEILL, Chairman.

# REPORT OF COMMITTEE ON ENGROSSED BILLS.

Committee Room,  
Austin, Texas, March 2, 1917.

Hon. F. O. Fuller, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills have carefully examined and compared

H. B. No. 765, A bill to be entitled "An Act creating the Aspermont Independent School District in Stonewall county, Texas; defining its metes and bounds, etc., and declaring an emergency."

H. B. No. 747, A bill to be entitled "An Act creating a more efficient road system for Grimes county, Texas, etc., and declaring an emergency."

H. B. No. 669, A bill to be entitled "An Act to amend Sections 2, 3 and 14 of an act creating the county court of Dallas county at law, passed at the Regular Session of the Thirtieth Legislature of the State of Texas, and approved April 3, 1907, and adding thereto Sections 15 and 16, so as to restore to the county court of Dallas county jurisdiction in all matters and causes, civil and criminal, over which by the general laws of the State county courts have jurisdiction, providing for the manner of filing and transferring cases, and declaring an emergency."

H. B. No. 749, A bill to be entitled "An Act permitting the commissioners court of Donley county, Texas, to pay the members of said court the sum of \$4 per day while serving at the terms of said court."

And find the same correctly engrossed.

RUSSELL, Vice-Chairman.

## THIRTY-NINTH DAY.

(Monday, March 5, 1917.)

The House met at 10 o'clock a. m., pursuant to adjournment.

(Speaker Fuller in the chair.)

The roll was called and the following members were present:

Baker.	Bertram.
Beard of Harris.	Blackburn.
Beard of Milam.	Blackmon.
Beasley.	Blalock.
Bedell.	Bland.

Bledsoe.	Neeley.
Boner.	Neill.
Brown.	Nichols.
Bryan.	Nordhaus.
Bryant.	O'Banion.
Burton of Rusk.	O'Brien.
Burton of Tarrant.	Osborne.
Butler.	Parks.
Cadenhead.	Peddy.
Canales.	Peyton.
Carlock.	Pillow.
Clark.	Pope.
Cope.	Raiden.
Cox.	Reeves.
Crudgington.	Richards.
Davis of Grimes.	Robertson.
Davis of Van Zandt.	Roemer.
De Bogory.	Rogers.
Denton.	Russell.
Dodd.	Sackett.
Dudley.	Sentell.
Dunnam.	Schlesinger.
Estes.	Schlosshan.
Fitzpatrick.	Seawright.
Florer.	Sholars.
Fly.	Smith of Bastrop.
Greenwood.	Smith of Hopkins.
Haidusek.	Smith of Scurry.
Hardey.	Spencer of Nolan.
Harris.	Spencer of Wise.
Hartman.	Spradley.
Hawkins.	Stewart.
Hill.	Taylor.
Holland.	Templeton.
Hudspeth.	Terrell.
Johnson.	Thomas.
Jones.	Thomason
Laas.	of El Paso.
Laney.	Thomason
Lange.	of Nacogdoches.
Lanier.	Thompson
Lee.	of Hunt.
Lindemann.	Thompson
Lowe	of Red River.
of McMullen.	Tillotson.
Low	Tilson.
of Washington.	Tinner.
McComb.	Trayler.
McCoy.	Tschoepe.
McDowra.	Upchurch.
McFarland.	Valentine.
McMillin.	Veatch.
Martin.	Walker.
Meador.	White.
Mendell.	Williams
Metcalfe.	of Brazoria.
Miller of Austin.	Williams
Miller of Dallas.	of McLennan.
Monday.	Williford.
Moore.	Wilson.
Morris.	Woods.
Murrell.	Woodul.

Absent.

Beason.

Bagby.